

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature		Printed Name	License Number	

Monroe Downtown Development Authority
(a component unit of the City of Monroe, Michigan)

Financial Report
June 30, 2007

Monroe Downtown Development Authority

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Independent Auditor's Report

To the Board
Monroe Downtown Development
Authority
Monroe, Michigan

We have audited the basic financial statements of the City of Monroe, Michigan for the years ended June 30, 2007 and 2006 and have issued our reports thereon dated October 15, 2007 and September 22, 2006, respectively. Those basic financial statements are the responsibility of the management of the City of Monroe, Michigan. Our responsibility was to express an opinion on those basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the City of Monroe, Michigan taken as a whole. The accompanying basic financial statements of Monroe Downtown Development Authority are presented for the purpose of additional analysis and are not a required part of the City of Monroe, Michigan's basic financial statements. The accompanying basic financial statements of Monroe Downtown Development Authority have been subjected to the auditing procedures applied in the audits of the City's basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the City's basic financial statements taken as a whole.

Plante & Moran, PLLC

October 15, 2007

Monroe Downtown Development Authority

Statement of Net Assets

	June 30	
	2007	2006
Assets		
Cash and cash equivalents	\$ 191,782	\$ -
Investments (Note 2)	173,000	306,000
Accrued interest receivable	2,396	2,891
Prepaid expenses and other assets	<u>2,502</u>	<u>5,336</u>
Total assets	369,680	314,227
Liabilities		
Accounts payable	12,108	21,949
Accrued expenses	1,569	-
Due to primary government	<u>18</u>	<u>4,739</u>
Total liabilities	<u>13,695</u>	<u>26,688</u>
Net Assets	<u><u>\$ 355,985</u></u>	<u><u>\$ 287,539</u></u>

Monroe Downtown Development Authority

Statement of Changes in Net Assets Budget and Actual

	Year Ended June 30				
	2006	2007			
	Actual	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue					
Property tax capture	\$ 139,244	\$ 145,500	\$ 194,837	\$ 194,838	\$ 1
Investment earnings	13,076	8,500	13,000	25,044	12,044
Total revenue	152,320	154,000	207,837	219,882	12,045
Expenses - Public works	139,080	111,000	195,707	151,436	44,271
Change in Net Assets	13,240	43,000	12,130	68,446	56,316
Net Assets - Beginning of year	274,299	287,539	287,539	287,539	-
Net Assets - End of year	<u>\$ 287,539</u>	<u>\$ 330,539</u>	<u>\$ 299,669</u>	<u>\$ 355,985</u>	<u>\$ 56,316</u>

Monroe Downtown Development Authority

Notes to Financial Statements June 30, 2007

Note I - Summary of Significant Accounting Policies

Monroe Downtown Development Authority (the "Authority") is a component unit of the City of Monroe, Michigan (the "City") and is included in its basic financial statements at June 30, 2007.

The Authority was organized under the laws of the State of Michigan for the purpose of correcting and preventing deterioration and promoting economic growth in the business district. This is accomplished by capturing property taxes in accordance with state law, and expending resources for improvements within the district boundaries.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America. The following is a summary of the significant accounting policies:

The Authority utilizes the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Other revenue is recorded when received.
- b. Payments for inventory types of supplies are recorded as expenditures at the time of purchase.
- c. Prepaid expenses represent payments for goods or services related to the subsequent year.
- d. Fixed assets are recorded as expenditures at the time of purchase.
- e. GASB No. 34 requires the presentation of management's discussion and analysis; however, this information is not required in this statement since it is issued in relation to the City's basic financial statements.

Given the nature of the Authority's operations, there are no adjustments necessary to reconcile between the modified accrual basis of accounting and the full accrual basis of accounting.

Investments - Investments are recorded at fair value, based on quoted market prices.

Other accounting policies are disclosed in other notes to the financial statements.

Monroe Downtown Development Authority

Notes to Financial Statements June 30, 2007

Note 2 - Cash and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. A local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Authority has elected to comply with the City's investment policy.

The Authority's cash and investments are subject to the following type of risk:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. The Authority's deposits are held at the same institutions as the City's deposits and they are commingled; therefore, the amount covered by federal depository insurance is undeterminable. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Risk Management

The Authority is exposed to various risks of loss related to torts and errors and omissions. The Authority participates in the City's general liability risk management program, which is accounted for in the City's Insurance Internal Service Fund.

Monroe Downtown Development Authority

Notes to Financial Statements June 30, 2007

Note 4 - Budget Information

The annual budget is prepared and approved by the Authority and then approved by the City Council; subsequent amendments are approved by both bodies. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2007 is not material.

The budget has been adopted on a fund basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget on a line-item basis is available at the City's offices.